PATENT
Customer No. 58,982
Attorney Docket No. 08350.1328-00000

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:	
William E. TAYLOR	Group Art Unit: 3627
Application No.: 10/016,385	Examiner: Buchanan, Christopher
Filed: October 26, 2001	
For: SYSTEM AND METHOD FOR DETERMINING TAXES FOR EQUIPMENT CONTRACTS	Confirmation No.: 4949

Attention: Mail Stop Appeal Brief-Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

REPLY BRIEF

Pursuant to 37 CFR § 41.41(a)(1), Appellant presents this Reply Brief in response to the Examiner's Answer mailed October 12, 2007.

REMARKS

On page seven (7) of the Examiner's Answer, the Examiner asserts that "[i]n the final rejection, the examiner points to Manzi (col. 4 lines 20-38) to show that there are rules which are applied to determine if taxes on the equipment rented are to be paid by one of a group of paying parties, namely the customer or the lessor or its agent." Examiner's Answer at 7. Appellant respectfully disagrees with the Examiner's characterization. The cited portion of Manzi states, in relevant part,

> [s]uch a system is advantageous in situations wherein the lessor does not separately collect use tax from the customers, but incurs it as the lessor's own expense, in which case when the lessor would incur less use tax in leasing a particular item from inventory on which no tax, or lower tax, would be due; the lessor's agent will be automatically prompted to lease that item rather than an equivalent one on which use tax will be incurred upon entering into the proposed lease. In a situation where the customers will be liable for the use tax, such a ranking will be advantageous to the customer, who can then pick the item which will cost the least after tax is added.

Manzi, col. 4, ll. 27-38. Manzi discloses situations where it would be advantageous for a lessor to lease an item from inventory to reduce use tax or where it would be advantageous for a customer to lease an item that will incur the least use-tax. Manzi does not disclose or suggest "rules which are applied to determine if taxes on the equipment rented are to be paid by one of a group of paying parties, namely the customer or lessor or its agent." Indeed, the Examiner admits that "the above combination [of Hoyt and Manzi] appear silent regarding the feature of selecting a paying party from a group of paying parties to pay the tax amount as a function of the set rules." Examiner's Answer at 5.

In addition, the Examiner maintains that "Longfield discloses selecting a payor from among a group of paying parties, including a financing company (e.g. bank/credit card issuer), a tax preparer, or the IRS, based upon tax rules." Examiner's Answer at 7. Appellant reiterates that the Examiner confuses a taxpayer (or tax filer) paying taxes to the IRS with a taxpayer receiving a tax refund from the IRS. Longfield discloses "an electronic data processing system for preparation of electronically filed tax returns and authorization and payments of refunds based on the data supplied in those returns."

Longfield, Abstract (emphasis added). Longfield further discloses that "[t]he tax filer can receive a loan or use the tax refund as collateral for a secured credit card," suggesting that the "maximum authorized amount of refund anticipation loan is processed by determining whether or not payment [of loan] is to be made through an authorized preparer 90 or directly by the authorized financial institution 100." Longfield, Abstract, and col. 3, ll. 41-45. The "paying parties," namely an authorized preparer or an authorized financial institution disclosed in Longfield are not parties paying taxes to the IRS. Rather, these parties grant loans to taxpayers anticipating a refund. As is well known, a person or party paying taxes does not receive a refund.

In contrast, independent claim 1, for example, recites "selecting a paying party from a group of paying parties, to pay the tax amount, as a function of the set of tax rules." That is, selecting a payer to pay taxes to the IRS, not to receive a tax refund. The Office Action essentially equates receiving a tax refund with paying taxes. As is well known, these two events are directly opposed. Longfield discloses receiving a refund, Longfield does not teach paying taxes.

Moreover, Longfield does not disclose that the selection of a party to pay the refund loan is made as a "function of the set of tax rules." Claim 1 requires "selecting a paying party from a group of paying parties, to pay the tax amount, as a function of the set of tax rules." The Examiner appears to be interpreting "the set of tax rules" as any rule that designates a party to provide a loan to another. However, disclosing selection of a "paying" party who provides a loan based on an anticipated tax refund and who must abide by a given set of rules does not constitute "selecting a paying party from a group of paying parties, to pay the tax amount, as a function of the set of tax rules," as

recited in claim 1. Indeed, the Examiner's interpretation vitiates the modifier "tax" in the term "tax rules." For example, IRS Pub. 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns, which the Examiner relies on, provides that "[a] Refund Anticipation Loan [('RAL')] is money borrowed by a taxpayer that is based on a taxpayer's anticipated income tax refund. The IRS has no involvement in RALs. A RAL is a contract between the taxpayer and the lender." IRS Pub 1345 at page 54. *See also id.* at page 44. In other words, the requirements for RALs are not tax rules.

Conclusion

For the reasons given above, and those reasons provided in Appellant's Appeal Brief, Appellant respectfully submits that the rejections of claims 1-7, 9-23, 48, and 49 are in error and should be reversed.

To expedite prosecution, Appellant is open to discuss the foregoing with the Examiner at any time. Appellant thus invites the Examiner to call the undersigned at the Examiner's convenience to discuss the application.

If there are any fees due under 37 C.F.R. §§ 1.16 or 1.17 which are not enclosed herewith, please charge such fees to our Deposit Account No. 06-0916.

Respectfully submitted,

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GARRETT & DUNNER, L.L.P.

Dated: December 12, 2007

By: _____

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